



Nevada

Benefits From Exports

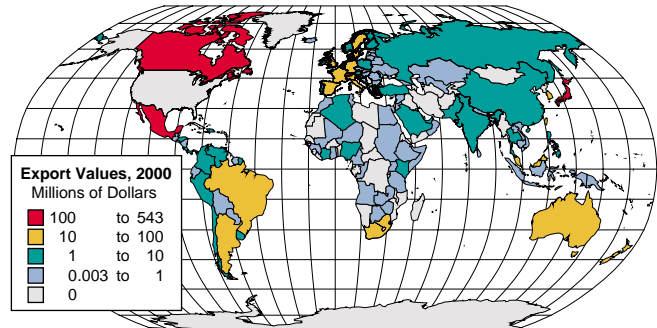
Nevada's export sales of merchandise expanded from \$504 million in 1993 to \$1.75 billion in 2000, a 248 percent gain that dwarfed the national increase of 68 percent. Over this period, Nevada recorded by far the fastest export growth among the 50 states and was the only state to more than triple its foreign sales.

The growing importance of exports to Nevada is also reflected in per capita export trends. In 1993, merchandise exports amounted to \$364 for every Nevada resident. By the year 2000, despite a large increase in Nevada's population, per capita exports had grown to \$878. This is an increase of 141 percent—the second-biggest percentage gain among the states and more than double the 57 percent rise in overall U.S. per capita exports from 1993 to 2000.

Nevada exported globally to 146 foreign markets in 2000, up from 137 markets in 1997. Buoyed by the North American Free Trade Agreement (NAFTA), Canada is by far Nevada's largest export destination (\$543 million, or 31 percent of 2000 exports). Other top markets are Switzerland (\$312 million—18 percent), Japan (\$115 million—6.5 percent), and Mexico (\$110 million—6.3 percent).

NEVADA EXPORTED GOODS WORTH \$1.8 BILLION TO 146 FOREIGN MARKETS IN 2000

Dollar Value of Nevada's Merchandise Exports to Foreign Markets, 2000

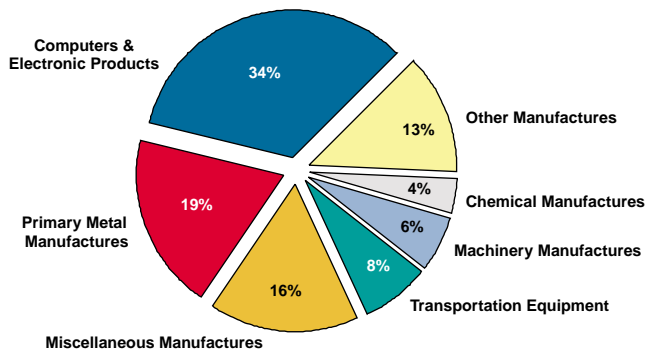


Source: U.S. Department of Commerce, Exporter Location Series.

Nevada's biggest growth markets, in dollar terms, are Switzerland and Canada. Exports to Switzerland surged from \$5.7 million in 1993 to \$312 million in 2000. In this period, sales to Canada grew from \$272 million to \$543 million. Nevada also posted sizable dollar gains in exports to Mexico, Israel, Germany, Japan, and Hong Kong.

From 1993 to 2000 Nevada more than doubled its exports to 14 of its top 25 export destinations. The biggest percentage gains were recorded in sales to Switzerland, Israel, New Zealand, South Africa, Spain, Hong Kong, Chile, Belgium, and Germany.

NEVADA EXPORTS A WIDE RANGE OF MANUFACTURES: \$1.68 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

The state's leading export category is computers and electronic products, which accounted for \$566 million, or nearly one-third, of Nevada's total merchandise exports in 2000. Other major exports include primary metal manufactures (\$326 million in exports—19 percent of the state total) and miscellaneous manufactures (\$273 million—16 percent). Together, these three categories accounted for more than 60 percent of Nevada's 2000 exports.

Reflecting the state's export growth, the Reno metropolitan area recorded a 1993–99 export increase of 220 percent—the 16th largest percentage gain among the 253 U.S. metro areas for which export statistics are available. Reno's per capita export sales show a similar

pattern: From 1993 to 1999, the value of merchandise exported for each Reno resident rose 174 percent, from \$671 to \$1,839.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Nevada depended on manufactured exports for some 11,000 jobs. Export-supported jobs accounted for an estimated 1.4 percent of Nevada's total private sector employment.

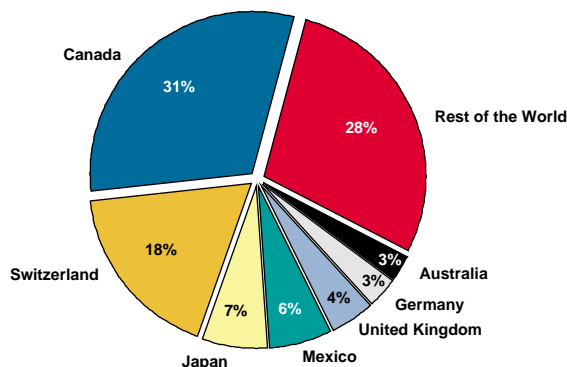
Manufactured exports supported about 4,300 jobs in Nevada's manufacturing industries. This was 11.4 percent of the state's manufacturing work force—more than one of every nine manufacturing jobs.

Manufacturing industries with the largest numbers of export-related jobs were computers and electronic products (1,000 export-sustained jobs), miscellaneous manufactures (900 jobs), fabricated metal products (500 jobs), and transportation equipment (500 jobs). Together, these four industries accounted for about two-thirds of Nevada's export-supported manufacturing jobs.

Exports of manufactured goods also indirectly supported 6,700 jobs in the state's nonmanufacturing

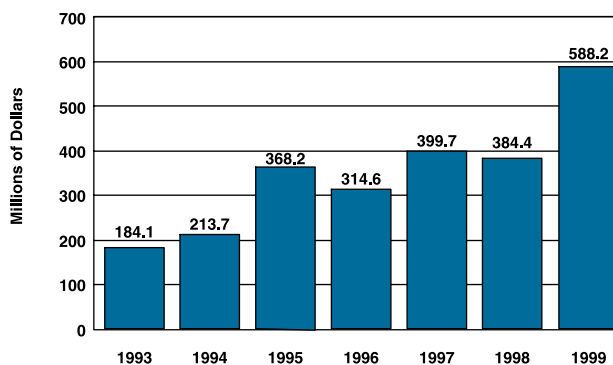
CANADA IS NEVADA'S BIGGEST EXPORT MARKET

Percent of Nevada's 2000 Exports



Source: U.S. Department of Commerce, Exporter Location Series.

RENO'S MERCHANDISE EXPORTS GREW 220 PERCENT FROM 1993 TO 1999



Source: U.S. Department of Commerce, Exporter Location Series.

industries. These businesses supply manufacturers with a wide variety of inputs needed to produce goods for export, including transportation services, banking and insurance, and other business services.

Exports Help Small Business

Exports have broadly benefited Nevada businesses, both large and small. A total of 1,535 companies exported from Nevada locations in 1998. More than 78 percent of these companies were small and medium-sized firms that had fewer than 500 employees. In fact, more than 68 percent of all Nevada exporters were small firms with fewer than 100 workers.

Small and medium-sized companies were responsible for about 56 percent of Nevada's total exports in 1998. This was nearly double the national average of 29 percent.

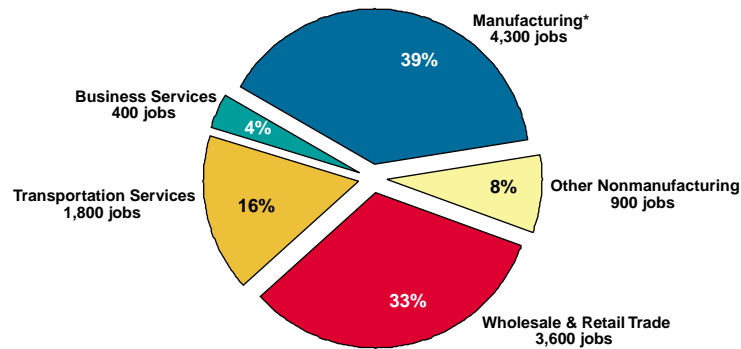
TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

TPA preserves the ability of the United States to protect public health, safety, and the environment.

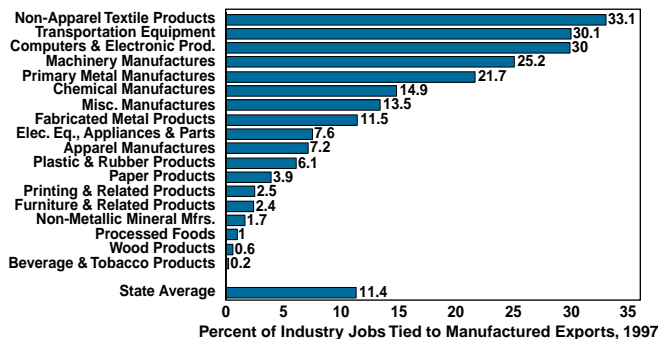
11,000 NEVADA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

MORE THAN ONE-NINTH OF MANUFACTURING JOBS IN NEVADA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 11.4 percent of the 37,800 manufacturing jobs in Nevada were tied to manufactured exports—some 4,300 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

Nevada Industries Can Gain From Trade Negotiations

Nevada's exporters still face many tariff and nontariff barriers abroad, especially in developing countries.

While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Nevada's businesses across many industrial sectors.

Information technology. Nevada's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Nevada, would likely see sales rise if remaining barriers on IT products were eliminated. Heavy investment in research and development, which drives IT growth and employment, can only be sustained with expanding markets that spread R&D investments over a growing sales volume. Foreign markets are thus increasingly important to any R&D-based products, given the limits of domestic demand.

Metals. Canada and Mexico are the largest markets for U.S. metal exports, which already benefit from duty-free access under NAFTA. However, tariff and nontariff barriers remain in other markets, such as the European Union, where the average tariff on nonferrous metals is twice as high as the average U.S.

rate. Nevada metal exporters also face numerous nontariff barriers, such as distribution restrictions.

NEVADA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Nevada goods and services.

Nevada exporters still face major trade barriers in such sectors as information technology, metals, scientific equipment, and civil aircraft and parts.

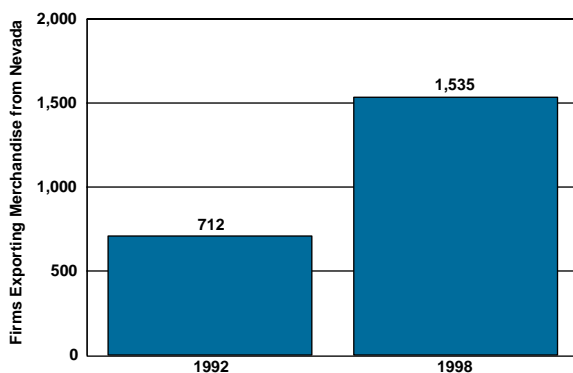
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Nevada's economy is export-dependent, with export sales of \$878 for every state resident.

Some 11,000 Nevada jobs depend on exports of manufactured goods.

1,535 companies—including 1,207 small and medium-sized businesses—export from Nevada.

THE NUMBER OF COMPANIES EXPORTING FROM NEVADA ROSE 116 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Scientific equipment. The United States is the world's largest exporter of scientific equipment. Nevada's exporters of these products would benefit from market opening initiatives, particularly tariff reductions that could result from a new World Trade Organization (WTO) round. Tariffs on scientific equipment in many Latin American countries range from 4 percent to 25 percent, while those in some East Asian countries approach 40 percent. In addition to tariffs, exporters of scientific equipment also face such nontariff restrictions as cumbersome customs clearance and certification requirements.

Civil aircraft and parts. The U.S. civil aircraft industry is the largest in the world. In 2000, total exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The WTO Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede Nevada's exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Agriculture. Nevada produces and exports agricultural products. According to the U.S. Department of Agriculture, Nevada's agricultural exports totaled \$4 million in 1999. Nevada's top agricultural exports are wheat and products and planting seeds. Nevada already benefits from past trade agreements;

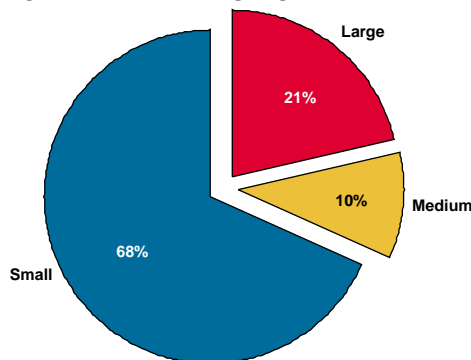
however, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Nevada

While exports generate clear benefits for the Nevada economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Nevada, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Nevada with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

78 PERCENT OF NEVADA'S 1,535 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.